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Sent Committee Report

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IRAN: THE HOSTAGE ISSUE

The Problem. From the start of the hostage crisis, efforts to secure their safe release consistent with the honor and vital interests of the United States were blocked in Tehran by the struggle for power, the lack of a governmental structure that could make and enforce decisions, massive distrust of the U.S., lack of a consensus on realistic conditions for release, and the refusal to permit meaningful, sustained negotiations.

Early Days. Despite initial assurances that the hostages would be released, Khomeini's support for the militants, the fall of the relatively moderate Bazargan government, the unacceptable militant conditions (return of the Shah) supported by Bani-Sadr, and Khomeini's orders against any Iranian contact with us demonstrated that the Iranian authorities were unable or unwilling to bring about their immediate release. Given the violence and threats of that period, there was concern for both the safety and the treatment of the hostages.

First U.S. Reactions. U.S. steps to isolate Iran were taken in part to show the Iranian public in concrete ways that their actions would have a cost. The U.S. banned imports of Iranian oil; blocked Iranian Government assets in U.S. banks here and abroad; took our case to the International Court of Justice, which ruled unanimously that Iran must release the hostages; pressed in the Security Council for economic sanctions against Iran in a resolution which was vetoed by the Soviet Union. After the Soviet veto, the EC-9 and Japan declined then to join in economic sanctions.

Indirect Exchanges. In January, with Bani-Sadr elected President and Ghotbzadeh continuing as Foreign Minister, intermediaries helped to devise an agreed scenario for release involving reciprocal steps and the work of the UN Commission to hear Iran's grievances and allow an end of the crisis. Despite the apparent majority agreement in the Revolutionary Council--then the main governmental institution--these efforts broke down when the struggle between secular and clerical factions in Iran again prevented the Iranian authorities from honoring their promises to Secretary General Waldheim and others. Khomeini backed the clerics against Bani-Sadr and Ghotbzadeh.

Sanctions. With the failure of the scenario, further U.S. economic constraints were imposed on Iran, including a prohibition on exports to Iran and on financial dealings with Iran and restrictions on travel; this time the nine Common Market countries plus Japan, Canada and Australia joined us in imposing economic sanctions.

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The Rescue Mission. When both diplomacy and pressure had failed to move the Iranians, the rescue mission was attempted. In the aftermath of its failure, there was virtually no communication with Iran for some weeks.

Preparing for New Approaches. We decided to allow time to build pressure on the Iranian economy and to enable the Parliament to organize itself and confirm a Prime Minister and cabinet. We laid the groundwork for broadening our contact with the religious elements which were to dominate the new government. Word was passed to the Iranians through a variety of intermediaries that would permit them eventually to frame their demands in a form that we could accept.

Khomeini's Statement. The process of reaching a hostage decision in the new Parliament was significantly advanced by Khomeini's statement on September 13 that any solution must include a pledge of non-interference in Iran's affairs, unfreezing of the Iranian assets, return of the Shah's wealth and cancellation of claims against Iran. Progress was set back by the outbreak of the Iran-Iraq war on September 22.

Parliament's Decision. The Parliament's foreign affairs committee formed a special commission to propose a solution to the hostage crisis; after two weeks of discussion, the commission's proposals, a detailed version of Khomeini's four points, were accepted by the entire Parliament and referred to a government committee headed by Executive Affairs Minister Nabavi under Prime Minister Rajai for implementation.

U.S. Response. A positive response has been prepared that details how the U.S. can meet the Parliament's four proposals. This has been delivered to the Algerian government and transmitted--at Iran's request--through the Algerians. This response accepts the Parliament's resolution as a basis for ending the crisis but describes the implementing steps the U.S. is prepared to take in terms permissible within the U.S. legal and political system. The constraints on our flexibility have been explained to the Algerians so that they may explain the U.S. response to the Iranian officials accordingly. A first-rate Algerian team carried the U.S. response to Tehran.

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